
SUCCESSOR AGENCY to the REDEVELOPMENT AGENCY of the CITY of BURBANK

DATE: June 18, 2014

TO: OVERSIGHT BOARD

FROM: Ruth Davidson-Guerra, Assistant Community Development Director/
Successor Agency Implementing Official

**SUBJECT: CHAPTER 8 (10 W. Magnolia Blvd. – Americold)
AMENDED AND RESTATED LONG RANGE
PROPERTY MANAGEMENT PLAN – PART II**

RECOMMENDATION

Staff recommends the Oversight Board (Board) adopt the proposed resolution, which approves revisions to Chapter 8 (10 W. Magnolia Blvd. – Americold) of the Amended and Restated Long Range Property Management Plan – Part II, for the Burbank Successor Agency.

BACKGROUND

On October 28, 2013, the Board adopted Resolution No. 14, approving the Long Range Property Management Plan – Part II (PMP-II). On May 27, 2014, the Board adopted Resolution No. 18, approving the Amended and Restated PMP-II. During the Board's May 27th deliberations, the Board directed staff to amend Chapter 8 to include the provision of a write-down of debt between the City and the former Redevelopment Agency (RDA), which would be equivalent to the fair market value of the Successor Agency's interest in the subject property, and would be compensation for the sale of property to the City.

DISCUSSION

In response to the Board's direction regarding debt write-down, staff contacted the State Department of Finance (DOF) to confirm the best approach to ensure the Board's preferences would be properly incorporated in the Amended and Restated PMP-II. The DOF ultimately advised staff that the Successor Agency can sell the property to the City at fair market value and the sale proceeds would be used to fulfill an enforceable obligation, which is a portion of the City/RDA debt. Additionally, the permissible use would be revised from "future development" (as previously identified in the Amended and Restated PMP-II) to "sale of property".

Exhibit A is the “red-lined” version of Page 4 of Chapter 8, Proposed Disposition section (the only portion that was revised since the Board’s May 27th consideration). Lastly, the proposed write-down of debt will be of benefit to the taxing entities.

CONCLUSION

Chapter 8 of the Amended and Restated PMP-II, presented in its entirety, as Exhibit B of this report, conforms to the requirements of Section 341291.3 of the Health and Safety Code. Staff recommends the Oversight Board adopt the proposed resolution approving the revised Chapter 8 and directing the Successor Agency Implementing Official to transmit the Amended and Restated PMP-II (including the revised Chapter 8) to the DOF.

EXHIBITS

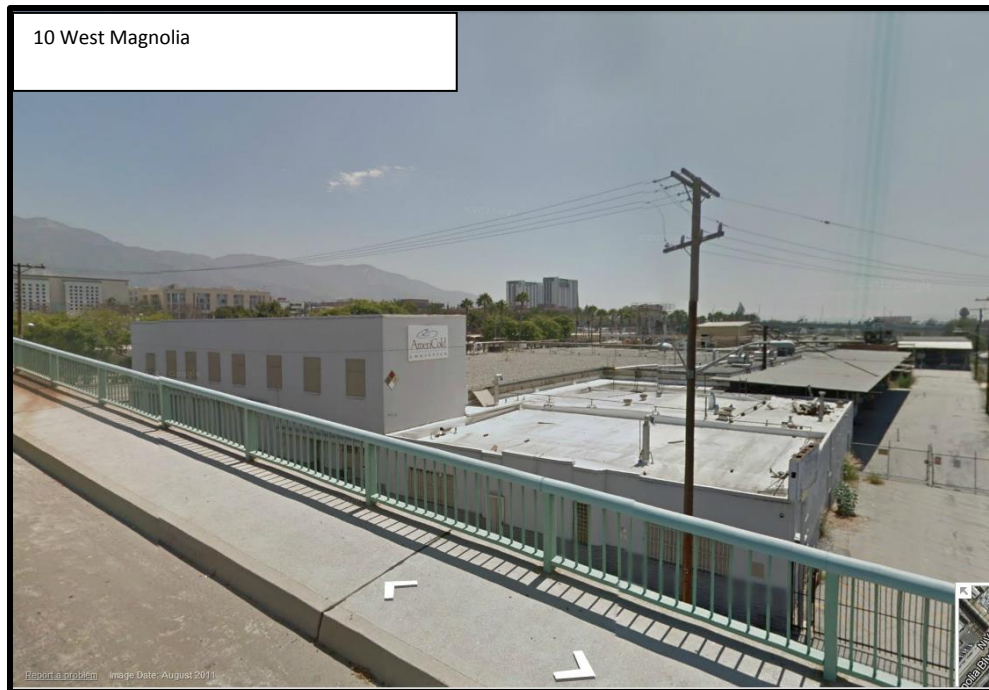
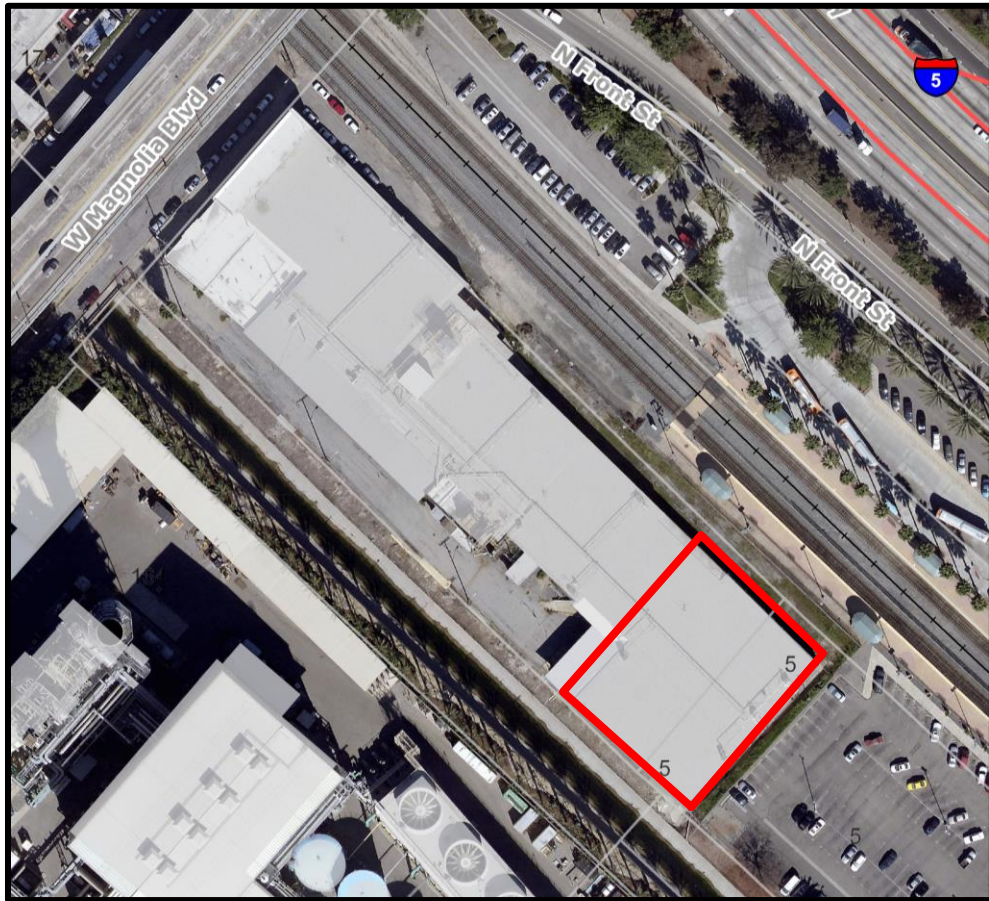
- A – Chapter 8 (Red-lined)
- B – Chapter 8 (Clean)

Exhibit A

Chapter 8 – 10 West Magnolia (Red-lined)

Amended and Restated Long-Range Property Management Plan – Part II

Chapter 8 – 10 West Magnolia



Amended and Restated Long-Range Property Management Plan – Part II

Chapter 8 – 10 West Magnolia

Parcel

10 West Magnolia is made up of APN 2451-010-904.

Acquisition & Valuation

Date of Acquisition:	September 2003
Value of Property at time of Acquisition:	\$3,815,421 (25% funded by RDA (\$679,596))
Estimate of Current Value of Property:	Total Value: \$4,065,000 (Successor Agency portion 25% \$1,016,250)
Reason for Original Acquisition:	Transit-Oriented Development
Lot Size (SF):	Total Lot Size: 105,850 square feet (Successor Agency portion 25% (26,462.50 square feet))

Land Use

Zoning:	Burbank Center Commercial Manufacturing
General Plan Designation:	Downtown Commerical
Specific Plan:	Burbank Center Plan

Current Encumbrances

There are no current encumbrances and no revenue is generated from this property, however, the Successor Agency is responsible for approximately \$2,500 worth of annual maintenance costs.

Environmental History

A number of environmental site assessments have been performed at the property, including investigations in 1987, 1997, 1998, 2007, and 2008.

Results of a Phase I and Phase II investigation in 1987 found that low to moderate levels of chloroform, tetrachloroethylene, and trichloroethylene were detected in water samples from both wells on site.

In July 1997, a Phase I Environmental Site Assessment performed by EMCON revealed use of hazardous materials on the property including anhydrous ammonia, capella oil (refrigeration lubricant), industrial truck batteries, and maintenance supplies such as paints, cleaners, and lubricants. No evidence of releases of these materials was noted during the site reconnaissance. Likewise, no American Society for Testing and Materials (ASTM) Recognized Environmental Conditions were noted during a review of the history of the subject property.

In September 1998, a Phase II Environmental Site Assessment performed by EMCON revealed soil samples obtained from the subject site had no volatile organic compound or significant hydrocarbon impacts.

Amended and Restated Long-Range Property Management Plan – Part II

Chapter 8 – 10 West Magnolia

In December 2007, an Asbestos and Lead Assessment was performed by MACTEC Engineering and Consulting, Inc. The report found that impacted asbestos-containing construction material should be removed prior to demolition activities. Moreover, lead in concentrations above the Consumer Product Safety Commission (CPSC) and Cal/OSHA threshold for lead was identified in the facility.

In March 2008, a Well Abandonment Report performed by MACTEC Engineering and Consulting, Inc. revealed soil cuttings and decontaminated water generated during drilling activities. Five drums that contained soil cuttings and one drum that contained decontaminated water were stored on site. The drum of decontaminated water was transported for recycling to Demenno Kerdoon located in Compton, California. The five drums of soil cuttings were transported for recycling to TPST Soil Recyclers of California, located in Adelanto, California.

In June 2008, a Supplement to the Asbestos and Lead Assessment performed by MACTEC Engineering and Consulting, Inc. revealed no detectable concentrations of asbestiform mineral concentrations.

Transit-Oriented Development Potential

The 10 West Magnolia site is within the Downtown Transit Center as defined in the Mobility Element of the Burbank 2035 General Plan. In conformance with the policies of the Mobility Element found in the General Plan for Transit Centers, the subject area encourages density, provides reduced parking incentives, encourages better land use connections to walking and biking networks, and offers transit as potential mitigation for traffic impacts from new development. In addition, per the planning objectives outlined in the Burbank Center Plan, the subject site is identified as part of a larger transit-oriented development, per the RITC 7.19 acre site used for public transportation facility with mixed commercial/office.

Advancement of Planning Objectives

The use of the property advances planning objectives. The subject site is located immediately adjacent to the Downtown Burbank Metrolink Station and is a prime location for a large transit-oriented development. As mentioned above, the property is within the Downtown Transit Center as defined in the Mobility Element of the Burbank 2035 General Plan and the Burbank Center Plan.

History of Development Activity

The subject site was originally part of the Southern Pacific Company Depot Grounds and in 1941 was developed as a cold storage facility. In June 2003, the City of Burbank (City) and the former Redevelopment Agency of the City of Burbank (Agency) entered into a Cooperation Agreement to define the separate ownership interests which the City and Agency jointly share in the acquisition of the property. The Agency owns 25 percent of the subject site and the City owns 75 percent. All expenses and all income (if any) are to be apportioned by that percentage. The Agency agreed to use, convey, or otherwise dispose of the subject site for development compatible with the transportation use. The building is currently vacant.

Amended and Restated Long-Range Property Management Plan – Part II

Chapter 8 – 10 West Magnolia

Proposed Disposition

Inasmuch as the Successor Agency's interest of the subject site is 25% of the specific parcel at 10 West Magnolia Boulevard; but only 26,462 square feet of a much larger seven-acre, transit-oriented development, site development control must be maintained by the City which is the holder of the majority interest.

Therefore, the proposed disposition of the property includes a sale of the property to the City of Burbank at an amount equivalent to the fair market value of the Successor Agency's 25% share, currently valued at \$1,016,250. The land sales proceeds would be used to fulfill an approved enforceable obligation. More specifically, the sales proceeds would serve as a write-down of debt between the City and the former Redevelopment Agency and be applied to the existing, approved loans, which appear on the Successor Agency's Recognized Obligation Payment Schedule (ROPS).

~~Pursuant to Section 34191.5 (c)(1)(H)(2)(A), which was amended by Assembly Bill No. 471 on February 18, 2014, when the plan directs use of a project identified in an approved redevelopment plan, the property shall transfer to the City. As stated above AB 471 defined the term "identified in an approved redevelopment plan" to include properties listed in a community plan. The 25% of the subject property is proposed to be transferred to the City as part of a larger transit-oriented, commercial (non-residential) mixed-use Future Development. The proposed use supports the State's goals towards greater environmental and economic sustainability. The Successor Agency has a 25 percent interest in the property, as confirmed in a letter dated April 27, 2013, from the Department of Finance.~~

~~Future development of property allows the interests of the Successor Agency (but more specifically, the taxing entities) to be preserved via agreement(s) between the City and the taxing entities for future compensation once the property is sold or leased.~~

~~As a measure of further assurance to the taxing entities, staff suggests including a grant deed restriction in the deed from the Successor Agency to the City that includes a requirement to share transaction proceeds attributed to the Successor Agency's 25% of 10 West Magnolia Boulevard with the then taxing entities, unless other arrangements have been agreed to by those entities.~~

~~The Successor Agency's interest of the subject site is 25% of the specific parcel at 10 West Magnolia Boulevard. However, the Successor Agency's interest is only 26,462 square feet of a much larger seven-acre, transit-oriented development. It is therefore the sentiment that site development control must be maintained by the City which is the holder of the majority interest.~~

Exhibit

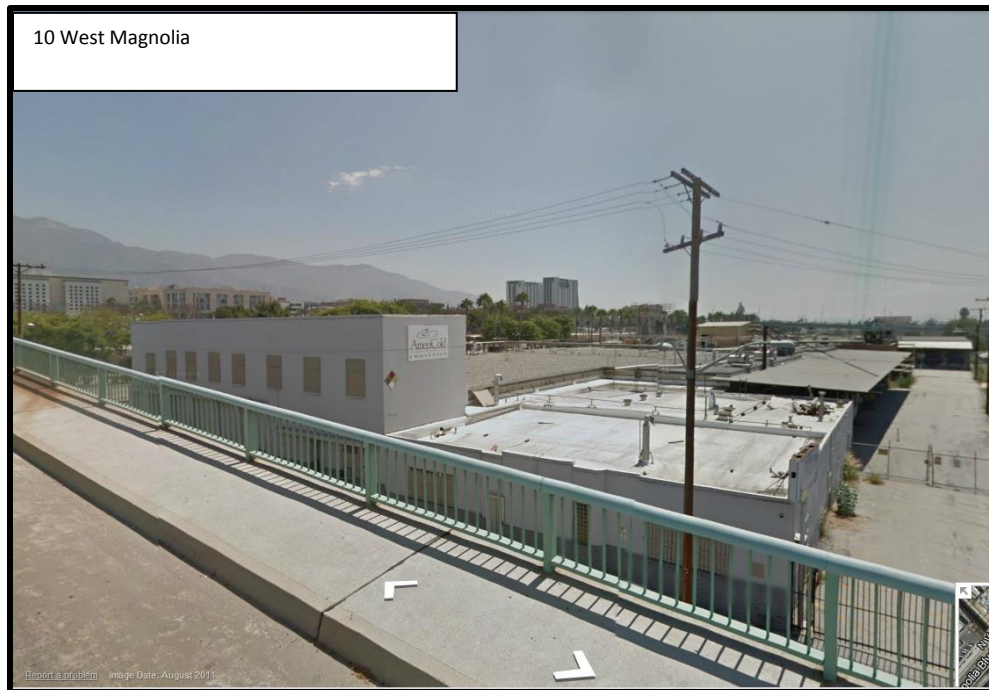
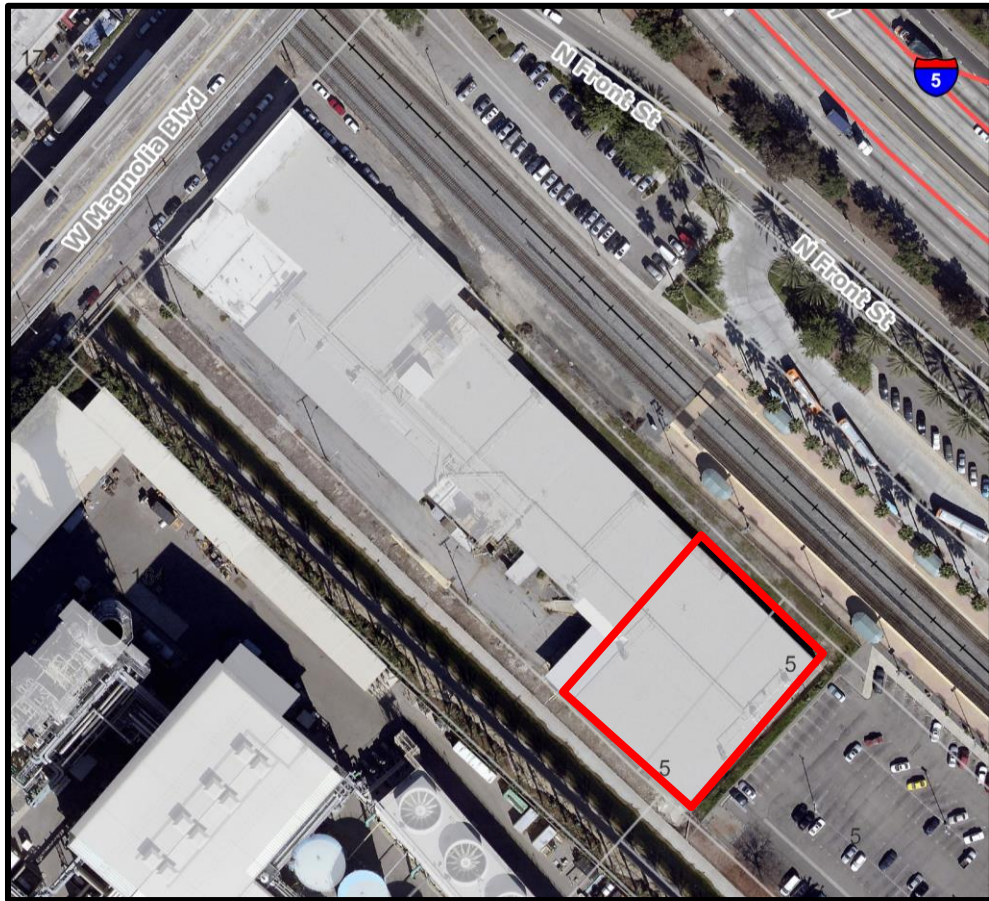
A – April 27, 2013 Department of Finance Other Funds and Accounts (OFA) Due Diligence Review (DDR) determination letter

Exhibit B

Chapter 8 – 10 West Magnolia (Clean)

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